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REPORT OF THE PRE-UNCTAD X SEMINAR ON THE ROLE OF COMPETITION POLICY FOR DEVELOPMENT IN GLOBALIZING WORLD MARKETS
(Geneva, 14-15 June 1999)

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Executive summary and highlight of the seminar

The Pre-UNCTAD X seminar focused on the interface between competition policy and development by organizing discussions around: (i) worldwide concentration of market power through mega-mergers, etc.; (ii) deregulation and privatization; (iii) transfer of technology and intellectual property rights; and (iv) the role of business and consumers to promote competition and development proved highly successful. It brought home the point that integration of developing countries into the world economy depends to a large extent on their ability to gain an equal opportunity to access technology, human and financial resources and export markets, which in turn depends on the ability to challenge anticompetitive practices and abusive conduct of firms with market power.

The discussions showed that, in addition to the measures to be taken at the national level, there is a strong case for exploring the merits of studying the implications for development of a possible multilateral framework on competition policy. This would allow developing countries to form an opinion on the merits of such a multilateral framework. The discussion also focused on consumer welfare and benefits arising from implementing effective competition law and policy. Participants were of the view that ways and means should be identified to set up a new forum to discuss consumer policy at UNCTAD, distinct from the IGE on Competition Law and Policy.

The seminar also addressed the issues of: (i) whether the direction given to the work programme meets the needs of member States, primarily developing countries; (ii) identifying research and policy issues requiring priority attention on the part of UNCTAD and the international community; (iii) assessing the capacity and institutional building needs of developing countries and economies in transition in the area of competition law and policy; (iv) on the basis of the above, formulating a list of proposals which could constitute the first step of reflection on a programme of work for the secretariat that could be adopted by UNCTAD X. In addition to the above policy issues, the highlights of the discussions which took place during this seminar are listed below:

(a) Since Midrand, the work of UNCTAD on competition law and policy has been broadened to cover a range of related development issues brought about by liberalization and globalization. This development was highly appreciated by member countries and most delegates felt that it should be continued;

(b) UNCTAD should increase support of developing and other countries in respect of capacity building in the field of competition law and policy, both at national and multilateral levels;

(c) To this end, work should cover specific areas, such as intellectual property rights (IPRs), parallel imports and exhaustion of intellectual property rights, in order to clarify the competition dimension of IPR negotiations, such as Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPs) and other multilateral talks taking place at the World Trade Organization (WTO) and elsewhere;

(d) In order to increase transparency and access to information for developing countries, UNCTAD should publish annually a world report on competition law and policy;

(e) The creation of a competition culture is an essential component of the success of market-oriented reforms in developing countries and economies in transition; the positive role that consumer organizations and businesses themselves can play in this respect should be further explored at UNCTAD X; and ways and means of closer cooperation with United Nations Development Programme (UNDP) in this context should be developed;

(f) In view of the growing importance of competition and related development issues, the participants were of the view that UNCTAD's organizational structure should fully reflect the order of priority attached by member States to the work in this area.

I. INTRODUCTION

1. In order to provoke a debate on key competition issues that affect development, with a view to contributing towards building a consensus in this area of UNCTAD's work for consideration by UNCTAD X, the Secretary-General of UNCTAD convened a one-and-a-half-day seminar in Geneva, at the Palais des Nations, on 14 to 15 June 1999. This decision was approved by the President of the Trade and Development Board on 30 March 1999.

2. As decided by the Secretary-General, the seminar was divided into three sessions and a concluding panel. The first session, devoted to globalization competition and development, reviewed three issues of major importance for developing countries and economies in transition, namely: (i) foreign direct (FDI), mergers and alliances; (ii) deregulation, demonopolization and privatization; and (iii) intellectual property rights, competition and transfer of technology. The second session explored the possible role of the civil society (both consumer organizations and business representatives) in promoting competitive markets supportive of sustainable development. At the third session views were exchanged on the role of competition policy in providing a more equitable playing field for development in globalizing markets. Competition and trade policy issues linked to development were discussed, and views were expressed on a possible multilateral framework on competition. The final panel, consisting of key speakers and panellists, reviewed appropriate measures to address the specific needs of developing countries, including the least developed countries (LDCs), and economies in transition, in promoting a competition culture (at the national level) and in building a more equitable playing field (in global markets).

II. SUMMARY OF SUBSTANTIVE DISCUSSIONS

3. The Secretary-General of UNCTAD, in opening the seminar, noted that, despite the growing importance of competition and mergers in the world economy, developing countries' role in this area had so far been limited; few of them had effectively applied competition laws. With its specific development perspective, UNCTAD was trying to assist developing countries to adapt to global economic trends, including the establishment of the institutional framework necessary to enforce competition laws. Two key issues were: (i) how competition policy could be integrated into development strategies; and (ii) how UNCTAD, in cooperation with other international organizations, could best promote competition policy principles and demonstrate their relevance for development. After welcoming the participants, the Secretary-General commenced the first session of the seminar entitled Session I. Globalization, Competition and Development.

Session I. Globalization, Competition and Development

4. The first item addressed was "Foreign direct investment, mega-mergers and strategic alliances: is global competition accelerating development or heading towards world monopolies?" The speaker from the private sector expressed confidence that globalization and the integration of national and regional economies into the global economy would bring great benefits to all in the long term, while also recognizing the suspicions that globalization had

provoked. The focus should therefore be on practical issues of how to make globalization work for the benefit of all. He felt that the trend towards mega-mergers should be kept in perspective: they were mainly concentrated in a few sectors in developed countries, there had been a parallel trend towards divestment, and FDI continued to flow to developing countries, bringing important benefits for growth, technology transfer and consumer welfare. There was little risk of global monopolies. Most mergers had a neutral impact upon firms' performance, market dominance usually eroded rapidly when markets functioned effectively, and there was competition from substitute products and from local or regional competitors. But the regulation of markets by Governments lagged behind the reality of globalization. A level playing field would be created by greater transparency of, and consistency among, national competition systems, as well as international rules providing for the adoption of national competition laws, common approaches in this area and international cooperation which should safeguard business confidentiality.

5. Another speaker noted that global mergers had not so far had a significant impact in the Southern African region, there was little new FDI and only a few countries of the region had adopted competition laws. This called into question the relevance, for the time being, to the region of international competition rules. He drew attention to the manner in which privatization in the region was taking place without adequate competition safeguards.

6. Describing current trends relating to mergers and strategic alliances, a speaker from a consumer organization, reviewed the determinants of such trends and the motivations and effects of mergers. He warned that such trends were leading to concentration of wealth, and economic and market power, while not necessarily to greater efficiency. Appropriate competition regimes were therefore necessary at national as well as international levels.

7. In the discussion which followed, it was noted that competition policy and trade and investment liberalization were consistent and complementary, leading to market integration and a level playing field. However, while there were long-term benefits to market opening, there were also short-term costs. The ability of countries to take advantage of market opportunities depended upon levels of technological development, endowments and culture. The distribution of gains and losses was thus unequal among countries and over time. This led to tensions between economics (focused on the long-term benefits) and politics (focused on the short-term losses). Both competition policy (in respect of exemptions, exceptions and prosecutorial discretion) and trade policies (in respect of anti-dumping and safeguards) were therefore not always consistent with the ultimate goal of the opening of the market. It was incorrect to consider that competition policy instruments were "purer" than trade instruments.

8. The resistance of some developing countries to the adoption and implementation of competition policy was due to the weight given to the short-term costs rather than the long-term benefits. This concern needed to be addressed. There was evidence that developing countries' markets were affected by international cartels, abuses of dominance and mergers, and that the adoption and effective enforcement of national competition laws would help to control or deter anticompetitive practices emanating from abroad.

9. National action was insufficient and needed to be complemented by international cooperation. Voluntary international cooperation would not suffice because: (a) it gave no incentive to developing countries to adopt competition regimes; (b) as the decision to enter into cooperation agreements was left to the initiative of each country, countries with advanced competition regimes would see no benefit from entering into cooperation with countries without competition regimes, or with regimes considered inadequate; (c) cooperation on individual cases would only occur where interests converged, such as in the case where import cartels blocked market access. A multilateral framework involving commitments to adopt and effectively enforce competition laws and to cooperate in respect of problems arising in the interface between competition and trade was therefore necessary. The General Agreement on Trade in Services (GATS) and the TRIPs Agreements (in respect of standards for enforcement) were useful models for this purpose. As the recent cases brought to the WTO dispute settlement body demonstrated, problems might arise in respect of substantive standards and dispute settlement. Any minimum standards adopted should be flexible and progressive. Competition policies were adopted and implemented within the context of specific national environments, and differences among them were legitimate. Common approaches might be adopted. A balance should be sought between commitment and flexibility. Another approach was to make the provisions of trade agreements more consumer and competition oriented.

10. The second item at the first session addressed the following question: "Deregulation, demonopolization and privatization: how to ensure consistency with competition?".

11. A speaker noted that competition law and policy were an important part of the institutional and regulatory framework needed for countries to be able to address today's challenges. In this connection, it was important for each country to consider reforms in light of its own environment. Competition policy contributed to the efficiency, development and equity of an economy seeking to offset two main forces that work against these goals - monopoly power and inefficient government regulation. The recent financial crisis in Asia and elsewhere provided a useful lens through which to examine the role of competition policy, as competition in crisis economies was sometimes hindered by various measures and restrictions. The enactment of a competition law was also considered to be an important element of regulatory reform and a matter of economic self-defence, especially taking account of the evidence that international cartels operate in ways particularly harmful to developing countries.

12. There were a number of economic reasons and political benefits of privatization and demonopolization was one of its central goals. Regulatory reforms, privatization and demonopolization policies needed to be implemented with careful attention to the underlying goals of using market forces to yield beneficial results. The most important thing a country could do to assure the pro-competitive potential of its economy and its regulatory regime consisted of having a sound competition law, enforced by a strong competition authority. These authorities needed to cooperate in their competition law enforcement work to deal with restrictions that have cross-border effects. Increased globalization and a higher percentage of competition cases with a significant international component require increased international cooperation in the

design and implementation of competition law and policies. This could be achieved at different levels and under different forms including voluntary cooperation among competition agencies, voluntary convergence in competition laws and enforcement practices, as well as development of a multilateral agreement - an issue of growing attention in the context of preparations for the WTO Ministerial meeting.

13. Another speaker stressed that deregulation, demonopolization and privatization were inseparable and major parts of economic reforms carried out in many countries and that there were no common mechanisms for ensuring a link among various elements of these reforms. Deregulation, demonopolization and privatization were treated in his country simultaneously, while the reforms affected practically all enterprises which, as a result, were put under the pressure of competition. This was favoured by the establishment of a mechanism of interaction between the competition authority and other State bodies. It was necessary to elaborate various elements for such interaction, namely the agreed purposes of activities; joint programmes of action; and mechanisms to resolve conflicts. In his view, combining functions in support of competition with those regulating specific industries in a single body would be a mistake because of the fact that the activities of a competition authority consisted of the protection of a competitive market mechanism, while regulation provided for substitution of a market mechanism by means of decisions taken by a State body. The relevant State body would not be able to assess objectively its activities from the point of view of competition.

14. Describing his country's experience in privatization, a speaker stressed the need for transparency, speed and public awareness, while political interference in the privatization programme should not be permitted and perpetuation of monopolies should be avoided by opening up to competition and restructuring large enterprises. He referred to a Privatization Trust Fund which had been set up to achieve wider local ownership by enabling the largest number of citizens to participate in the privatization process. The economic benefits of privatization consisted of improving enterprise efficiency and performance; developing competitive industry; accessing capital, know-how and markets; achieving effective corporate governance; developing well-functioning capital markets; and securing an optional sale price. These factors determine the institutional framework and approach of the privatization programme, while political transparency strengthens support for it.

15. One participant pointed to the importance for the competition authority to play a role in the privatization process. Referring to the experience of his country, he said that in the absence of such a role, privatization had resulted in the creation of monopolies in several sectors of the economy. Regulatory bodies are needed in the process of privatization, but the lack of their connection to competition authorities and the absence of merger control could result in the absence of competitive environment. Another participant stressed the importance of keeping markets open and competitive in order to avoid crises. Referring to his country, he noted that the behaviour of monopolies had contributed largely to the recent crisis. In this respect, his Government had taken measures to promote competition and encourage foreign investors, who, however, preferred to create strategic alliances among themselves rather than to enter into new areas altogether. Having a strong connection between competition authorities and regulatory bodies, while

maintaining independence of the former was essential. Another participant also stressed the critical role of pro-competition educational programmes, especially those provided by technical assistance, and their role in the creation of a competition culture. He pointed to the role of his country's competition authority which had an opportunity to influence the design of privatization and deregulation programmes.

16. The third item to be discussed at session I was: "Competition, IPRs and transfer of technology."

17. A speaker pointed out that the basic problem related to transfer of technology stemmed from the fact that innovation was a costly and a risky exercise for the innovating firm and that, therefore, it was necessary to provide intellectual protection (be it factual or legal) if innovation was to be fostered. Technology transfer, he added, meant that the temporary monopoly (or quasi-monopoly) secured by the innovating firm would be shared with competitors. Consequently, for such a transfer to be agreeable to the innovating firm, the innovator needed to be able to keep the transferee at some distance and to maintain its control over the technology as a source of extra income. The interests of the transferee were in the opposite direction, namely to secure technology by keeping to the minimum the constraints imposed on him to use such technology and profit therefrom. Rather than being conceived of as a barrier to trade and competition, IPRs were looked upon, particularly since the 1980s, as a means of enhancing competitiveness. Lack of adequate protection was then considered to be an obstacle to fair trade and a distortion of competition. He warned, however, that the technology transfer dilemma had not faded away. He recalled that TRIPs itself recognized the existence of the problem by providing that the Agreement should not stand in the way of measures to prevent the abuse of intellectual property rights. The reach of relevant provisions of TRIPs, however, remained unclear and their practical application uncertain at best. The speaker then asked whether TRIPs provided a suitable framework for the transfer of technology, as he asserted that it did not establish an international framework for the same. Under TRIPs, it was for Governments to define what relevant measures ought to be taken, albeit consistent with TRIPs and in coordination with member States. Article 40 of TRIPs required member States to tolerate the competition policies of other member States. Within this framework, intellectual property was not supposed to be dealt with in a manner different from that in which other types of property are addressed by competition law. The rationale for intellectual property thus is not protection, but rather the promotion of competition in an efficient manner. TRIPs, however, leaves out of its scope most of the problems arising from technology transfer. Such transfer is connected with foreign direct investment, R & D cooperation, joint ventures, strategic alliances, matters which are not covered by article 40 of TRIPs. In concluding, he stressed that his analysis should not be construed as reducing the importance of intellectual property, but rather as an attempt to place intellectual property in an appropriate perspective. Intellectual property law, in his view, was subject fully to general antitrust principles. Therefore, antitrust control must apply to restraints related to intellectual property as much as it applies to any other type of restraint.

18. Another speaker discussed the issue of parallel imports and territorial exclusivity. He addressed the question of whether or not parallel imports were advantageous for developing countries. He recalled that enterprises based in developing countries were often licensees and recipients of intellectual property. These countries had a competitive advantage to produce and export a wide array of exports. They, however, were often not allowed to enter world markets as such a move would reduce the profitability of licensors. Parallel imports tended to enable developing countries to secure goods from sources other than the established licensee. They thus tended to be advantageous for developing countries that were not producers of the goods in question, as they could obtain such goods from sources cheaper than the licensee who had secured the territorial exclusivity contract, but not for the developing countries that could produce such goods.

19. Another speaker stressed the importance of examining the links between intellectual property and competition from the perspective of a developing country and recalled the evolution of thinking that had taken place in developing countries in this connection. Today, he asserted, it is widely accepted that intellectual property is an important means of promoting competition. Intellectual property entails the recognition of the efforts and costs involved in the development of technology. The promotion of intellectual property, therefore, can be a means of promoting development since jobs and competition among trademarks and service providers are thereby created. Copyrights can foster economic activity, particularly in the field of publishing and advertising. He further asserted that international and regional exhaustion of intellectual property tends to promote merchandise trade and, as a result, facilitates globalization.

20. In the discussion that followed, it was stressed that developing countries and economies in transition needed to enact provisions aimed at promoting international standards. It was added that standards are a complement of, rather than a substitute for, patents. Countries were urged not to mix different policies (e.g. competition and intellectual property policies), as the aims of these policies differ. Another participant also stressed the importance of ensuring a free exchange of technology-related data.

Session II. The role of business and consumers in promoting competitive markets supportive of sustainable development

21. The first item discussed here was: "ensuring consumer benefits from competition in globalizing markets and creating a competition culture supportive of development".

22. Introducing the nexus between competition and consumer welfare, a speaker recalled the eight principles enchained in the United Nations Guidelines on Consumer Protection adopted in 1985, and stated that consumer policy should figure clearly in UNCTAD's programme of work. Consumer rights were defended more explicitly in consumer protection legislation, which should go hand in hand with competition law. In particular, special attention needed to be paid to the poor and vulnerable segments of the society. Also equitable access for small producers to export markets was essential for sustainable

development in developing countries, and such markets should not be limited to transnational corporations (TNCs). Such concerns were not the object of competition laws and, hence, there was need to develop, alongside competition policy, a genuine consumer policy including the adoption, where necessary, of consumer protection laws. All speakers under this item of the agenda stated that the role of mobilizing consumer groups and raising awareness among the civil society including, in particular, through educating the society as a whole in the creation of a culture of competition should be a priority for policy makers. The view was expressed that UNCTAD's work on developmental issues should reflect the Eight Principles of the United Nations Guidelines, which should also have a bearing on the work at the WTO.

23. In the discussion that followed, it was proposed that the promotion of consumer rights should be made an integral part of UNCTAD's work. To this end, it was suggested that a "competition culture and consumer protection agenda" be adopted by UNCTAD X with a view to accelerating the following essential objectives:

(a) Capacity building, human resources and expertise development in the field of competition policy;

(b) Solid analysis and research to evaluate the benefits of competition policy for consumers, in order to promote regulation in both competition and consumer areas;

(c) Taking into account the nature of the problems at hand and analysing the consequences of not addressing effectively anticompetitive practices on industry performance and consumer welfare in developing countries and economies in transition;

(d) Educating and informing consumers about the benefits of competition policy and consumer rights in order to create an effective competition culture in all sectors of society.

24. The second item of session II was addressed more to the business community to discuss: "how business could generate wealth and development without stifling competition in emerging markets". One view was that this could not be done in a vacuum, but needed to be coordinated with other policies, including consumer regulations, regulatory reform, including deregulation and privatization, etc. It was also essential, when adopting competition rules, to revise existing rules which might contradict the objectives of competition principles, in order to avoid turf wars with other parts of the administration. The debate then focused on how to introduce an effective competition policy that is supportive of development and ensuring consumer benefits from competition in globalizing markets. The view was expressed that consumer protection issues should not hijack competition policy objectives, which were aimed at increasing efficiency and promoting competition. One speaker stated that competition policy should be based on four principles: transparency; non-discrimination; minimal bureaucracy; and flexibility. In addition, it was necessary to keep costs of compliance at reasonable levels in order not to stifle business activity for the sake of competition and consumer principles. Concern was also expressed about the confusion between unfair competition and free competition. Some country

experiences emphasized a dual track based on a case-by-case analysis rather than outright prohibition which is still the case in other countries. The discussion also evolved around the question of whether consumers should be protected by the same agency as the competition authorities, or under different departments. Different existing systems were described, and the prevalent view seemed to be that since competition policy objectives and consumer welfare were not identical, the two issues should essentially be administered by two independent agencies, regulating distinct laws.

25. The discussion concluded on the need to raise the profile of regulatory agencies to defend consumer interests. The essential issue was the political commitment and the resources devoted to promote competition and consumer welfare. This also raised cross-border cooperation issues, and coordinated action by Governments, international organizations and civil society. UNCTAD X could be instrumental in this regard by launching an initiative to promote a competition culture supportive of consumer welfare. Delegations might be interested in establishing an expert group on consumer policy, as a distinct body from the Intergovernmental Group of Experts on Competition Law and Policy, to promote consumer interests in compliance with the 1985 United Nations Guidelines, as an integral part of UNCTAD's programme of work.

Session III. The role of competition policy in providing a more equitable playing field for development in globalizing markets: a challenge for Governments and multilateral organizations

26. One speaker noted that in the past governments relied on State intervention to regulate their economies, including industrial policy. In recent years the introduction of competition has led to significant decreases in costs and prices, and increase in the diversity and quality of services offered to consumers. This trend had undeniably accelerated economic growth, and to the extent that such progress is also achieved in developing countries and economies in transition, it has also accelerated the development of these economies. Noting that according to eminent economists, industrial policy can be successful in the initial stage of development, but can become a clumsy instrument for promoting complex or high-tech industries at a later stage of economic development. As economic development proceeds, and as products from technologically sophisticated industries become more and more important for the growth of all developed economies, there is a general movement away from government intervention towards free market mechanisms.

27. He also noted that government interference in market mechanisms distorting competition, often under the pressure of business lobby groups, had adverse effects on consumer welfare, and this increasingly resulted in being unfair and antidemocratic.

28. After reviewing a number of cases such as international cartels and other anticompetitive behaviour affecting international markets, he drew a number of lessons. First, such trade-distorting or trade-restraining practices did exist in a number of important sectors and were likely to have a significant negative impact on the economic development of both developed and developing countries. Secondly, international cartels were likely in certain circumstances to undertake dumping activities in countries outside the scope

of the cartel territories, justifying in turn the desire of the latter countries to protect their national industries by applying anti-dumping rules. In turn, such anti-dumping action could sometimes be used in ways that restrain trade and competition even in cases where dumping was not associated with a restraint of competition in the exporting country. Thirdly, it was clear that the effective use of national competition rules acted as a deterrent to international cartels, which chose to operate elsewhere, and that such rules enabled authorities of countries, where the adverse effects of international cartels are felt, to successfully prosecute the firms involved; in this last case, bilateral cooperation involving the application of positive comity (i.e. action by a country against a restraint of competition by its own firms affecting the territory of another country). It was felt, however, that some countries were reluctant to adopt competition laws because, while giving it the means to curb the abuses of foreign firms on its own territory, the country in question committed itself to enforcing this law against anticompetitive practices emanating from its own domestic firms. Such course of action may be at odds with the desire of the country to promote economic growth through industrial policy measures designed to foster concentration on the domestic market (whether through mergers or through cartel-like cooperation among local firms) and to shelter its national champions from competition. However, it was felt that countries that had based their economic development on export-led growth had come under increasing pressure from their trading partners to adopt and reinforce their competition laws. Absent of such measures, these countries were becoming primary targets of anti-dumping measures. The example of the European Community was cited to note that thanks to the vigorous enforcement of the competition rules within the European Union (EU), member States were able to abandon the use of anti-dumping measures among them.

29. Discussion at this session then turned to international cooperation in the enforcement of competition laws, bilateral cooperation, involving the use of positive and negative comity, as well as the pros and cons of multilateral rules on competition. In this connection, after citing different cases where difficulties are raised by the limited jurisdiction of national competition agencies, the first speaker stated that the success of the GATT/WTO negotiations over the past two decades bears testimony to the fact that there is wider agreement that market forces can play a useful role in international trade towards promoting economic development. Hence, addressing the issue of competition rules both at national and international levels was a natural follow-up and a necessary complement to past achievements in the area of trade liberalization and deregulation. Another speaker noted that competition rules, with their non-discriminatory focus on consumer welfare, equal individual rights and access to courts, were more equitable (in terms of constitutional law and welfare economics) than many trade policy rules, which usually have a producer bias, power-oriented procedures, etc. He stated that without competition rules, governments could not maximize consumer welfare, and consumers risked being exploited by private anticompetitive practices as well as by governmental protectionism.

30. Turning to the level of international trade, he then noted that if one wanted to promote non-discriminatory conditions across borders, competition

policy should be defined broadly so that national rules would stop exempting export cartels and "regulated industries", and trade authorities should stop restricting and distorting import and export competition.

31. To this end, competition-oriented reforms of the WTO trading system were necessary for rendering both trade and competition policies more coherent and, thereby, enhancing economic freedom, non-discriminatory conditions of competition, and promoting consumer welfare both within and among countries. He noted that in Europe, most countries had introduced national competition laws only after they had previously accepted international (e.g. EC or free-trade agreements concluded with the EC or EU) competition rules. He therefore considered the EC proposal for negotiating new WTO "minimum standards" for competition rules to offer important advantages. He concluded that in his opinion, the United States preference for unilateralism and bilateralism was due to its unique situation, but that it was not convincing because in competition policy as in trade policy, multilateralism was more rule oriented and evidently more efficient than bilateralism or unilateralism.

32. Another speaker recalled that the central challenge for public policy in the twenty-first century was to ensure that globalization remains sustainable from all perspectives. He noted that public policy could only succeed in this task if societies accepted to delegate some aspects of policy-making to organizations outside the public arena, such as businesses, non-governmental organizations (NGOs) and other interested non-State parties which had a direct stake in the outcome of global public policy. While there was a tendency to perceive globalization as something irreversible, he warned this was not the case. Therefore, now was the time to take proper action to establish global public-policy networks that would ensure the right policy mix at the turn of the century.

Concluding Panel

Appropriate measures to address the specific needs of developing countries and LDCs in promoting a competition culture and in building a more equitable playing field in global markets

33. A speaker in this panel stressed that current trends towards globalization, liberalization and deregulation were a reality on which international discussion and policy action needed to be based. A new economic order was emerging, an order in which transnational corporations had increased power and increased weight, a phenomenon which, he added, had profound implications regarding industrial location, price determination, international specialization and technology transfer. The competitiveness of the different countries were bound to be affected by these trends, and the degree of autonomy of governments in their conduct of national policy, and even the extent to which regional and international negotiations could influence events, were likely to be constrained. Instead of trying to oppose this reality, he argued, what was needed was to seek ways and means of safeguarding and promoting the interests of developing countries by seizing opportunities and limiting costs. The importance of competition policy for developing countries had grown over time as a result of the above-mentioned realities, but much needed to be done in terms of clarifying the implications and effects

of such policies. UNCTAD, with its long-standing experience in competition law and policy and with its development vocation, had a salient role to play. He identified four areas in which UNCTAD could focus its work:

(a) Periodic analysis should be carried out with regard to the implications for competition of current world economic trends, of the role of transnational corporations and, of the evolution of markets, as well as with regard to how the competition culture was evolving;

(b) UNCTAD could be a forum of debate aimed at preparing for the eventual negotiation of a multilateral competition framework profitable to developing countries;

(c) UNCTAD should continue to provide technical cooperation on competition policies; and

(d) UNCTAD should monitor action taken in other international forums in the field of competition policies.

34. In support of the above, another panelist argued that UNCTAD's work on competition should be elevated to the level of a programme in itself, as was the case in the Organization for Economic Cooperation and Development (OECD) as well as in UNCTAD's work on investment. He drew attention in particular to the following problems which affected significantly developing countries and required action at the international level:

(a) Collusion in essential services (in particular air and maritime transport);

(b) Anticompetitive practices in the field of tourism resulting from global alliances;

(c) Collusive agreements among transnational corporations which affected developing countries and which could not be redressed by mere action at the national level;

(d) Undue protection of pharmaceutical products of foreign firms by recourse to patents whose legitimacy (in terms of novelty and period of protection) was questionable and which constituted a hindrance to the exercise of the right to health care for the people of the region;

(e) Defamation practices against developing country firms through false accusations of non-compliance with international rules;

(f) Anticompetitive effects of the implementation of TRIPs, effects which were contrary to the stated aims of TRIPs and the existence of which justified exploring the possibility of a multilateral framework on competition policy.

35. He thus called upon UNCTAD to produce regularly an annual report on competition policies and practices, akin to the World Investment Report prepared by the Investment Division of UNCTAD.

36. Another panelist drew attention to the need to promote a competition culture at international and national levels, particularly in less developed countries having no competition law and policy. In many of these countries, privatization was taking place and appropriate bodies were set up, which should take due account of competition in their activities. Similarly, possibilities to promote greater competition in specific sectors should also be explored and a dialogue between consumers and investors should be promoted. International agencies could give special attention in their technical assistance programmes to countries having no competition law and policy, including by means of exchanging experiences with countries having such laws and policies.

37. Another panelist argued that bilateral agreements in the field of competition should be fostered as an increased number of such agreements would pave the way for broader, plurilateral and multilateral agreements. He felt that it would be premature to try to devise a binding multilateral framework on competition policy. What could realistically be attempted, he added, was to establish a general framework with basic principles that should govern the institution of bilateral agreements. He further stressed the complementary nature of the work being done in this area by WTO, OECD and UNCTAD and, as a result, emphasized the importance of a cooperative scheme between these organizations.

38. Another panelist suggested that draft papers for UNCTAD X should study the issue of launching multilateral negotiations on competition and pointed to the need to take into account the interests of countries which were so far non-members of WTO.

39. Another panelist suggested that UNCTAD should contribute to the promotion of a competition culture by the following: supporting the elaboration of competition laws and policies in developing countries; helping resolve the problem of financing competition authorities in developing countries; promoting the exchange of information on competition at the international level; and establishing a permanent training framework on competition, including the possible setting up of a training centre.

40. The last panelist drew attention to the importance of consumer protection policies as a vital part of any successful development policy. The link between development policy and consumer protection, he added, was duly recognized by the European Union. A similar recognition deserved to be made at a broader international level, which could eventually lead to the establishment of an international consumer protection agency. He expressed the hope that UNCTAD X could consider and adopt policies in the field of consumer protection with a view, in particular, to promoting international cooperation and developing an institutional framework in this area, as well as to assisting national consumer associations as a means of fostering the development of a competition culture.

41. In closing the seminar, Mr. Ricupero, Secretary-General of UNCTAD, pointed out that the seminar fully met the expectations that had been placed upon it and had reached three critical conclusions:

(a) It became evident at the seminar why competition policy and consumer protection were decisive components of development and why relevant international organizations, including UNCTAD, needed to address these issues as critical elements of human sustainable development;

(b) It was necessary not only to promote legislation and multilateral norms in these areas, but also to look at the institutional aspects thereof;

(c) No single organization could take on itself the huge task of tackling all the aspects related to competition policy and consumer protection. What was necessary, he stressed, was a trilateral network which would involve governments, the business community and the civil society, including international organizations. This network, he asserted, was indispensable for the successful promotion of a competition and consumer protection culture.

ANNEX I

PRE-UNCTAD X SEMINAR ON THE ROLE OF COMPETITION POLICY FOR DEVELOPMENT IN GLOBALIZING WORLD MARKETS
(14-15 June 1999)

14 June 1999

09.30-09.45 Opening: Mr. R. Ricupero, Secretary-General of UNCTAD

Session I **Globalization, Competition and Development**

09.45-10.45 FDI, mega-mergers and strategic alliances: is global competition accelerating development or heading towards world monopolies?

Panelists: Mr. A. Van Heemstra (UNILEVER)
Hon. M. Adam (Zimbabwe)
Mr. P. Mehta (CUTS, India)

Discussion

10.45-11.00 Coffee break

11.00-12.00 Deregulation, demonopolization and privatization: how to ensure consistency with competition?

Panelists: Ms. J. Shelton (OECD)
Mr. O. Zavada (Ukraine)
Mr. G.K. Lipimile (Zambia)

Discussion

12.00-13.00 Competition, IPRs and transfer of technology

Panelists: Prof. H. Ullrich (München Universität, Germany)
Prof. F. Abbott (United States)
Prof. L. Diez-Canseco (Peru)

Discussion

13.00-15.00 Lunch

Session II

The role of business and consumers in promoting competitive markets supportive of sustainable development

15.00-16.00 1. Ensuring consumer benefits from competition in globalizing markets and creating a competition culture supportive of development

Panelists: Mr. J. Edwards
(D-G, Consumers International)
Mr. P. Evans (United Kingdom)
Ms. G. Foster (CARICOM)

16.00-16.15 Coffee break

16.15-17.15 2. How can the business community generate wealth and development without stifling competition in emerging markets?

Panelists: Mr. D. Busby (CEFIC)
Ms. M. Del Carmen Riego (Mexico)
Mr. P. Plompen (ICC)

17.15-18.00 General discussion

15 June 1999

Session III

The role of competition policy in providing a more equitable playing field for development in globalizing markets: A challenge for governments and multilateral organizations

09.30-11.00 **Speakers:** Mr. F. Jenny (France)
Prof. Petersmann (WTO)
Prof. Matsushita (Japan)

11.00-11.30 Trilateral networks of governements, business, and the civil society: The role for international organizations in global public policy

Mr. W. Reinicke (World Bank)

11.30-11.45 Coffee break

Summary and conclusions

Appropriate measures to address the specific needs of developing countries and LDCs in promoting a competition culture and in building a more equitable playing field in global markets

11.45-13.00

Panel: Chair: Mr. R. Ricupero

Panelists: Mr. W. Reinicke
Mr. F. Jenny
Amb. Perez del Castillo
Amb. Benjelloun
Amb. F. Cuello
Prof. Matsushita
Prof. Petersmann
Prof. H. Ullrich
Prof. F. Abbott
Mr. D. Busby
Mr. J. Edwards

Roundup and policy recommendations for UNCTAD X: Consensus-building in the preparatory process leading to the Conference

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TRADE AND DEVELOPMENT BOARD

REPORT ON THE PRE-UNCTAD X EXPERT WORKSHOP ON TRADE, SUSTAINABLE DEVELOPMENT AND GENDER

Held at the Palais des Nations, Geneva,
on 12 and 13 July 1999

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1. Work Programme
2. List of documents submitted to the Workshop

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I. AGREED CONCLUSIONS AND RECOMMENDATIONS

On 12-13 July 1999, UNCTAD convened an Expert Workshop on Trade, Sustainable Development and Gender to develop recommendations for mainstreaming a gender perspective into its policies and programmes, consistent with the Beijing Platform for Action (1995), the UNCTAD IX Midrand Declaration (1996) and the agreed conclusions on gender mainstreaming (ECOSOC 1997).

A. Globalization, trade-related issues and gender

1. Uncertainty about future developments in the international economy has grown in the aftermath of the global financial crisis, which demonstrated the volatility of international private capital flows and its damaging effects on levels of economic activity and people's livelihoods in developing countries. There are doubts also about the ability of the international system to accommodate new challenges to the international trade regime. In these circumstances, countries may need to reinvigorate investment and public expenditure policies aimed at enhancing the productivity of domestic market-oriented production. Government policies, aid and debt relief are all needed for strengthening measures to protect men and women alike from the social costs of turbulence in international economic relations.

2. Although trade expansion can be an instrument for fostering the development process, official development assistance (ODA) also plays a critical role in financing important capital investments, particularly in social and physical infrastructure, for which trade flows and foreign direct investment – if available – are not always an effective substitute. The fall, since 1992, of over 20 per cent in ODA (in constant dollars) undercuts the trade expansion potential of developing countries, particularly as greater proportions of available foreign exchange earnings are directed towards debt servicing.

3. The gender impact of global economic integration is complex, and so far, its effects have been mixed. To date, it has in some places reduced income imbalances and gender disparities. It may, however, have done very little to minimize gender inequalities over the long term. In some circumstances, globalization has intensified these inequalities, adding to the gender-based discrimination inherent in much economic development experience. The gender impacts of trade expansion have been most sharply observed in the manufacturing sector. The increased orientation of manufacturing in developing countries towards exports has led to significant increases in the share of women workers employed in the manufacturing labour force. Indeed, no developing country has increased its exports of manufactures without greater recourse to women workers.

4. This gives rise to an important feature of development within the context of globalization: export-led industrialization has been strongly female intensive. In some situations, this has represented a huge leap forward in the participation of women in monetized sectors of the economy. On the other hand, in times of economic crisis, women are just as quickly ejected from the waged labour force, absorbing a disproportionate share of economic shocks. There is also mixed evidence on benefits related to the development of the modern service sector. In a number of countries, especially those undergoing systemic changes, women do not participate equally with men in the rapid expansion of modern market-related services, which is often driven by foreign direct investment (FDI).

5. Furthermore, the major part of the labour force remains outside of the manufacturing sector, and women continue to constitute the majority of the rural poor. They carry most of the responsibility for food production and family food security. Where trade expansion has led to increased production of traditional cash crops, women's labour has been mobilized without proportionate monetary reward. At the same time, however, in parts of Latin America, Africa, and South Asia, a new form of "industrialized" agriculture for exports is emerging which is drawing some women into wage employment in rural areas. Globalization has also provided the impetus for the outward migration of women from many developing countries in search of better economic opportunities. There are, however, social costs related to female outmigration that should be given special consideration.

6. It is particularly appropriate that UNCTAD examine the gender impact of these developments in all economic sectors with special attention to the situation in the least developed countries. all aspects of its work programme, including research and analysis, intergovernmental discussions and technical cooperation should reflect a response to the gender dimension.

7. The current period of review of the implementation of the outcome of the major United Nations Conferences and Summits held in the 1990s, presents UNCTAD X with a unique opportunity to mainstream gender into UNCTAD's work and enables UNCTAD to highlight key issues relevant to its mandate, some of which intersect with the work of other agencies of the United Nations development system. UNCTAD IX decided that activities relating to empowerment of women should be treated as cross-sectoral issues and should be integrated into the work of UNCTAD's intergovernmental machinery. The Expert Workshop looks forward to Ministers' agreement to continue this policy following UNCTAD X and hopes that, as in 1998, any mid-term review undertaken between UNCTAD X and UNCTAD XI will consider this matter. Additional impetus needs to be given to the integrated follow-up to these conferences in the form of concrete action-oriented recommendations.

8. In response to this opportunity, the Expert Workshop offers the following recommendations.

(a) UNCTAD should strengthen the coordination of its activities on gender issues with national, regional and international organizations in order to foster a coherent approach.

(b) UNCTAD should undertake analytical work and, where appropriate, develop possible initiatives for action at the national, regional and international levels with regard, *inter alia*, to the following:

(i) The impact of globalization and of the implementation of the Uruguay Round agreements (including new forms of protectionism) on gender equality, female participation in trade (domestic and transborder) and employment conditions in industry, agriculture and services;

(ii) The gender implications of adjustment and macroeconomic policies that combine fiscal compression and tight monetary policies with trade and/or capital account liberalization. Here, special attention should be paid to the effects on wage incomes, allocation of resources at the household level and unpaid labour;

(iii) The gender impact of debt-relief schemes and examination of possibilities for swapping debts in favour of programmes addressed especially to women;

(iv) The gender implications of current patterns of foreign direct investment, sourcing by international business and relocation of production facilities;

(v) The comparative analysis of transnational corporations (TNCs) and domestic firms' employment practices with respect to gender;

(vi) The assessment of skills needs of women for better female employment and mobility;

(vii) The gender dimension of barriers to credit and financial services, in particular with respect to small and medium-sized enterprises and export-oriented activities;

(viii) Gender-sensitive, ethical trade and investment;

(ix) The implications for the conditions of women at work in export-related activities, especially in export-processing zones, as well as for migrant women workers.

9. UNCTAD should promote the participation of non-governmental organizations (NGOs) and other civil society groups with trade and gender concerns in UNCTAD activities, in order, through them, to enhance dissemination of information on trade rules, development of female entrepreneurship and support of workers' safety-nets as well as cross-border cooperation and networking of women's organizations.

10. The UNCTAD flagship publications - the Trade and Development Report, World Investment Report and Least Developed Countries Report - should include, on a regular basis, gender dimensions of various national policies and programmes and gender-related issues of major international economic trends.

11. UNCTAD should ensure that consideration of the gender dimension is integrated into the annual discussions at the regular sessions of the Trade and Development Board.

12. UNCTAD should initiate cooperation with other relevant agencies to identify sources of gender disaggregated data, identify needs for data collection to fill gaps and initiate data collection activities relevant to its mandate.

13. UNCTAD should promote the full and equal participation of women in trade-related market activities at all levels in all its operational and technical assistance work, in order to increase and sustain women's employment and income gains from trade.

14. To facilitate the sharing of experience with alternative development patterns, UNCTAD should identify successful models, best practices, failures and lessons learned in:

(a) Supporting women's participation in the most dynamic economic sectors, especially service activities including FDI-related service activities;

(b) Building awareness at the national and community level about the factors, particularly relating to the gender dimension, which encourage investment; in assessing costs and benefits of particular investments, and putting in place an environment that attracts investment in areas of critical importance for development.

15. In conjunction with the United Nations Commission on the Status of Women, UNIFEM and other appropriate organizations, such as the International Development Law Institute, UNCTAD should organize activities that will identify and build awareness among policy makers of factors that limit women's access to the institutions and processes of the legal system, and that limit their ability to participate in the formal economy.

16. UNCTAD, in its capacity as the secretariat for the United Nations Commission on Science and Technology for Development (UNCSTD), should review the recommendations made by the UNCSTD Gender Working Group as well as those outcomes of the Beijing Conference which dealt specifically with science and technology. Also, UNCTAD should identify areas where it could take a leadership role in fostering greater gender equality in science and technology as part of the development process; including the impact of technology on women, their access to technology and to education, training and employment in science and technology.

17. UNCTAD should serve as a catalyst for the establishment of procedures to research, document, monitor and evaluate the gender impact of science and technology programmes, including regular reporting of results and lessons learned to the governing bodies of United Nations organizations.

18. UNCTAD should develop a strategy to ensure that attention to eradicating gender inequalities is a core part of its activities. Elements of a strategy should include *inter alia*:

(a) Assessment of the degree to which UNCTAD's programme of activities related to trade and sustainable development includes attention to reducing gender inequalities and fosters such activities;

(b) Conduct of gender analysis and gender-sensitive impact assessment studies as a regular part of the preparation of its policy recommendations and programme activities to ensure that decisions adopted and activities undertaken reflect the appropriate gender sensitivity, and that equal opportunity be given to men and women to participate in and benefit from all of UNCTAD activities;

(c) Staff training to ensure that the gender dimension is mainstreamed into UNCTAD's activities;

(d) An analysis of the particular constraints facing women in LDCs and measures by which UNCTAD could assist in building broad awareness of the impact of these constraints and in providing solutions to them;

(e) An action plan to phase in the analytical work, technical cooperation and training activities identified in the recommendations above.

B. Specific problems of least developed countries (LDCs) and gender

1. In relation to the special problems of LDCs, UNCTAD, as an analytical and policy-making institution, should not only undertake economic development research and analysis, but should also act as an organization striving, by all means, to support the poorest countries in their efforts to overcome economic disparities and to tackle the various problems which act as constraints to development.

2. Among its other responsibilities, UNCTAD should promote and act as a vehicle for women's economic empowerment. As the principal United Nations organization dealing with trade and development, as well as providing technical assistance in the trade sector, UNCTAD has a duty to assist women through increasing their role, effectiveness and influence in this sector.

3. Constraints on the advancement of women in general and discrimination against women in trade are acute in LDCs. Women are, as a result, being excluded from international trading operations, though they play an important role as small traders.

4. The Expert Workshop recommends that UNCTAD should involve itself in the following in order to promote the interests of women from LDCs in trade:

(a) Through policy analysis and dialogue, UNCTAD should encourage the governments of LDCs to put forward concrete plans to empower women economically, including by identifying the policy instruments which will alleviate the negative effects experienced by women in the trade sector. A person discriminated against in factor markets (such as those for land, labour and capital) cannot effectively engage in trade.

(b) As part of its treatment of gender as a cross-cutting issue, UNCTAD should examine how the disadvantages suffered by women in respect of education and skills training and access to investment, credit and finance, and technology constrain the ability of LDCs to take full advantage of the opportunities that arise from globalization.

5. UNCTAD should ensure that the concerns of women and the needs they have for participating fully in the international trade sector be addressed within the Joint UNCTAD/ITC/WTO Integrated Technical Assistance Programme in Selected African Countries (JITAP).

6. UNCTAD should liaise with the International Trade Centre (ITC) to discuss the possibility of designing for women a specific basic skills training for trade.

7. While women are presently concentrated in small and medium-sized enterprises, UNCTAD should also assist women "to think big". Big business should not be off-limits for women. Given the necessary encouragement, there is no reason why women should not succeed in such business.

8. The concerns of women also need to be built into and addressed within the UNCTAD/ITC/WTO/UNDP/IMF/World Bank Integrated Framework for trade-related technical assistance to LDCs.

9. UNCTAD should identify the specific needs for capacity building in LDCs, especially with respect to institutions and systems (including NGOs and civil society) to support women's access to economic opportunities and to participate in cross-border and international trade. Its activities in LDCs should include strong capacity-building elements, for example, by using technical assistance for policy analysis and dialogue, an assessment and analysis of their effectiveness, and reporting of best practices and lessons learned.

10. UNCTAD should recognize and support, through work aimed at capacity building, the effects at both national and regional levels to promote and support the interests of women engaged in small-scale and cross-border trade.

11. Given the importance of local and international agricultural trade in LDCs, and the crucial role of women in agriculture, UNCTAD in cooperation with other organizations involved specifically with agricultural development for the poorest, such as the International Fund for Agriculture and Development (IFAD), should encourage research into the possibilities of modernizing and transforming this sector in order to raise productivity and eradicate poverty.

II. CHAIRPERSON'S SUMMARY

1. The Expert Workshop was opened by the Secretary-General. In welcoming the participants, he underscored the relevance of the Workshop, both to the ongoing ECOSOC meeting dealing with an associated theme and to the forthcoming UNCTAD X conference in Bangkok. He spoke of the negative impact of the recent East/South-East Asian economic/financial crisis on employment in that region, and of its effects on women. He reviewed the experience to date of the globalization and intensification of international trade and emphasized that gender relations were complex and multifaceted in many countries in production/marketing activities and called for these issues to be explored, not only within the context of trade, but also within the economy as a whole. He envisaged UNCTAD developing a new mentality that would take into account social and gender implications, and stated that the Expert Workshop could and should contribute to realizing this objective.

2. In following its Work Programme, the Expert Workshop found the Secretary-General's observations valuable as a frame of reference. His views were underlined in various ways by the country experts and consultants who participated in the review of *globalization and gender*. There was a focus on the relation between gender equality and human rights (including social and cultural rights). Major concerns expressed related to the positive and negative impacts of globalization and trade expansion; the shifts in income distribution in favour/disfavour of women and family welfare related to export growth and decline; the prevalence of women in informal employment, and in low-skilled, low-income employment in the formal sectors, and the restrictions on their upward mobility caused by lack of education and training opportunities; the customary, legal and other obstacles women face in trying to gain access to education and training, credit, investment, technology and other factors of production and markets, and to the constraints that seriously hinder entry and development of women entrepreneurs into the formal economy of many countries. There was strong emphasis on the need for national legislation to provide a legal framework for the mainstreaming of gender in economic processes, policies and programmes, including trade and sustainable development, which was illustrated by a document submitted by one of the experts.

3. Other concerns emphasized in the discussion centred on *foreign direct investment (FDI)* and savings in developing countries and the macroeconomic implications of public expenditure and gender analysis; women's weak social/economic position and their very prevalent attachment to non-dynamic sectors of national economies; their limited participation as managers and leaders in public/private organizations and enterprises; severe deficiencies in statistical and other information on gender issues and the need for sex disaggregated data to improve the quality of access to economic resources; and the marked disparities in the agriculture, manufacturing and services sectors regarding the opportunities, rewards and conditions of employment open to women.

4. In considering *trade-related issues and gender*, substantive contributions from consultants focused on basic, general issues; a study of the textile sector in Bangladesh; and a topical analysis of the role of enterprise development in strengthening the participation of developing countries in world trade. These contributions and subsequent discussion touched on various gender issues associated with globalization and on a wide number of basic concerns, such as the negative impact of trade liberalization (widespread increased poverty and income inequality between and within countries); and the need to promote gender awareness in trade issues with reference to trade negotiations, trade agreements specifically, and WTO policies, practices and activities in general.

5. In responding to the gender implications in the *Bangladesh textile case study*, there was discussion on the response of women to export-driven employment opportunities and their positive and negative impact on other economic activities and social/family development; on the gender aspects of building a competitive textile and clothing sector in a developing country such as Bangladesh; and on associated factors, such as improving market access, stimulating development financing, and promoting technology transfer and capacity building based on a gender dimension.

6. Globalization and liberalization challenged *enterprise development* in many ways, particularly in terms of gender issues. The strong negative impact of the East/South-East Asian crisis on small- and medium-sized enterprises (SMEs) and the women they employ featured strongly in the discussion. The contribution of technical assistance programmes, such as UNCTAD's programme, EMPRETEC, was reviewed in terms of vocational and managerial training, information, financial services and technology development. Much of the discussion embraced trade, sustainable development and gender, with emphasis on a cross-sectoral treatment of gender issues (for example, agriculture, land rights and tourism).

7. There was strong and sustainable discussion on the obstacles women face in trying to gain access to credit/working capital, and there were some ideas expressed on ways and means to introduce innovative collateral provision, expand seed credits, and stimulate cooperative efforts to enhance competitiveness and creditworthiness.

8. Much interest was shown in the lack of attention paid to the gender issues in the negotiation of international trade agreements, and in subregional and regional trade arrangements and international subcontracting practices. There was support from a number of experts for the need to take a holistic approach to gender matters, and some discussants singled out the weakness of the new international economic order as a fundamental obstacle to progress in the mainstreaming of gender into the work and operation of national and international public/private organizations and enterprises.

9. On the theme of problems specific to LDCs and gender, some of the features were outlined by the consultants, such as dualistic economic structure (agricultural sectors employing the majority of women and modern sectors involving few women); resource-rich, with only rudimentary technology; reliance on primary commodity exports; vulnerability to international market-price fluctuations and export-derived income; and economic recessions often rapidly nullifying previous gains in economic development. The policies/actions of WTO and the Bretton Woods institutions were a strong economic influence on LDCs, with the latter especially determining the pace of liberalization. Progress in integrating the dualistic structure within LDCs was a prerequisite to integrating LDCs into the global economy. The development of human resources by breaking the structure of discrimination against women was crucial to securing economic progress in the LDCs.

10. The gender relationships associated with other characteristics of LDCs were also discussed: weak infrastructure, environmental degradation, low level of and access to technology, high of unemployment, a small tax base and restricted government revenues/expenditures; inability to attract full FDI, problems of government, high rates of capital flight and the effects of exogenous factors, such as natural disasters. Several experts focused on the positive and negative effects of outmigration of women in response to their extremely limited opportunities in many developing countries, but particularly in LDCs.

11. Under review were the detrimental impact of structural adjustment programmes; cheap food imports that threaten local food production; loss of property rights in respect of local knowledge/expertise, for example, related to medical plants; and environmental degradation and constraints. Consumer and work protection was required in food-processing industries (employing mostly women) that could lead to increased exports and employment. Measures to stimulate SME development in LDCs were advocated, augmenting earlier discussion on this issue and the transfer of ideas and information between women working in the rural, informal and formal sectors was deemed necessary to integrate women more effectively in the national economy. Education and training deficiencies were highlighted, and the specific difficulties of landlocked LDCs (high transport costs, restricted access to raw material imports and export markets and limited mobility of human and other resources) were reviewed within the gender context. The need for UNCTAD to become a visionary and radical organization to deal with the gender aspects of these issues of trade and development was firmly emphasized.

12. In the three principal working sessions of the Expert Workshop, and in the Working Groups, most of the subjects of discussion prompted a variety of measures by national and international authorities/organizations, designed to reduce with a view to eradicating the inequalities and disadvantages identified that restricted women's economic and social development and contributed to the improvement of gender balance. These were reflected in the conclusions and recommendations agreed by the Expert Workshop in its closing session (section I of this report).

III. ORGANIZATIONAL MATTERS

A. Convening of the Expert Workshop

1. The pre-UNCTAD X Expert Workshop on Trade, Sustainable Development and Gender took place in Geneva on 12 and 13 July 1999, at the Palais des Nations, Room XX. As stated in the notification of the Secretary-General of UNCTAD dated 1 June 1999, the Expert Workshop's objectives were to: (i) promote an exchange of experiences and views on policy-related issues concerning the interrelationship between trade, sustainable development and gender; the areas to be covered included multilateral trade agreements; commodities; science and technology for development; investment; enterprise development; and special problems affecting least developed countries; (ii) identify modalities as to how the interrelationship between trade, sustainable development and gender could be addressed in UNCTAD's work, both by the secretariat and by intergovernmental machinery; (iii) formulate policy recommendations and measures for action to promote discussion at the intergovernmental level in the context of preparation for UNCTAD X.

B. Election of officers

2. At the opening session of the Expert Workshop, it was agreed that the following persons would serve on its Bureau:

Chairperson:	Ambassador Ruth D. Samonte-Limjuco	(Philippines)
Friends of the Chairperson:	Ms. Elke Atzler	(Austria)
	Mr. Carlos Correa	(Argentina)
	Ms. Joan Dudik-Gayoso	(United States)
	Ms. Diblété Hélène Koné	(Côte d'Ivoire)

In the course of its work, the Expert Workshop also decided on the following appointments:

Coordinators of Working Groups:	Ms. Susan Joekes	(United Kingdom)
	Mr. Debapriya Bhattacharya	(Bangladesh)
	Ms. Magdalena T. Kaihuzi	(United Republic of Tanzania)

C. Adoption of the Work Programme

3. At the same session, the provisional Work Programme of the Workshop prepared by the secretariat was adopted (annex 1).

D. Documentation

4. For consideration in the general sessions and by the three Working Groups of the Expert Workshop, the documentation consisted of 39 papers submitted by participants and resource persons (annex 2).

E. Adoption of the conclusions and recommendations

5. At its closing session, on 13 July 1999, the Expert Workshop adopted the agreed conclusions and recommendations reproduced in Section I above, and agreed that the Chairperson should prepare a summary of the Meeting (see section II above).

ATTENDANCE

1. Fifty-three experts from the following States members of UNCTAD attended the Expert Workshop.

Argentina
Austria
Bangladesh
Bolivia
Brazil
Cameroon
Canada
Chile
China
Costa Rica
Côte d'Ivoire
Cuba
Denmark
Ethiopia
Germany
Honduras
India
Italy
Japan
Libyan Arab Jamahiriya
Mexico
Nepal
Norway
Pakistan
Philippines
Poland
Republic of Korea
South Africa
Thailand
Tunisia
Uganda
United Kingdom of Great Britain and Northern Ireland
United Republic of Tanzania
United States of America
Uruguay
Viet Nam
Zambia
Zimbabwe

2. Forty-three representatives of agencies and organizations of the United Nations system and of non-governmental organizations were represented at the Workshop sessions.

3. Five resource persons also participated in the Workshop.

ANNEX 1

Work Programme

Monday, 12 July 1999

(morning session)

10:00 - 10:30	**Opening statement** by the Secretary-General of UNCTAD
	Introductory remarks by the Secretariat on organization of the work programme
	Election of the Chairperson
10:30 - 13:00	**1. Globalization and gender**
10:30 - 10:40	**(i) Introduction** by the Chairperson
10:40 - 11:00	**(ii) Globalization: Processes affecting trade, income distribution and policy-making** (Presentation by Susan Joekes, IDS, Sussex, UK)
11:00 - 11:20	**(iii) Globalization: Specific aspects concerning investment and gender** (Presentation by Padma Mallampally, Senior Project Expert on Foreign Direct Investment, UNCTAD)
11:20 - 13:00	**(iv) Selected interventions and discussion:** Exchange of experiences and views

(afternoon session)

15:00 - 17:00	**2. Trade-related issues and gender**
15:00 - 15:10	**(i) Introduction to the session** by Janice Goodson Foerde, International Consultant and Board member, KULU-Women and Development, Denmark
15:10 - 15:30	**(ii) Study of the textile sector: the case of Bangladesh** (Presentation by D. Bhattacharya, Executive Director, Centre for Policy Dialogue, Dacca, Bangladesh)
15:30 - 15:50	**(iii) Enterprise development: strengthening developing countries' supply capabilities for international trade** (Presentation by Ms. Lorraine Ruffing, Chief, Enterprise Development Branch)
15:50 - 17:00	**(iv) Selected interventions and discussion:** Exchange of experiences and views

17:00 (open-ended) **3. Working Groups I and II**

Working Group I - Recommendations and action needed with regard to globalization and gender

Working Group II - Recommendations and action needed with regard to trade-related issues and gender

Tuesday, 13 July 1999

(morning session)

10:00 - 11:30 **4. Specific problems of least developed countries (LDCs) and gender**

10:00 - 10:10 **(i) Introduction** (Ms. Anna Tibaijuka, Special Coordinator, LDCs, land-locked and island developing countries, UNCTAD)

10:10 - 10:30 **(ii) LDCs and gender** (Presentation by Ms. Magdalena Kaihuzi, Tanzania National Women's Committee, Dar es Salaam, United Republic of Tanzania)

10:30 - 11:30 **(iii) Selected interventions and discussion:** Exchange of experiences and views

11:30 - 15:00 **Working group III** - Recommendations and action needed with regard to LDCs and gender

(afternoon session)

15:00 - 16:10 **Presentations by Working Groups**

15:00 - 15:10 **Introduction** by Chairperson

15:10 - 15:30 **Presentation of recommendations from Working Group I** (Chairperson of Working Group)

15:30 - 15:50 **Presentation of recommendations from Working Group II** (Chairperson of Working Group)

15:50 - 16:10 **Presentation of recommendations from Working Group III** (Chairperson of Working Group)

16:10 - 17:40 **Final dialogue:** Policy recommendations and measures for action intended to promote discussion at the intergovernmental level in the context of preparations for UNCTAD X

17:40 - 18:00 **Summary of discussion and concluding statement** by the Chairperson

ANNEX 2

List of documents submitted to the Workshop

A. Gender Analysis Perspective on Trade and Sustainable Development by Susan Joekes, Institute of Development Studies, Brighton, United Kingdom **(U/EW/TSDG/3)**

Trade, Sustainable Development and Gender: The Philippine Experience (U/EW/TSDG/4)

Ethical Trade and Gender - A Case Study from South Africa by Dr. Stephanie Ware Barrientos, Business School, University of Hertfordshire, Hertford, United Kingdom **(U/EW/TSDG/5)**

Facing Post-MFA Challenges: Bangladesh Textile and Clothing Sector by Debapriya Bhattacharya, Executive Director, Centre for Policy Dialogue, Dhaka, Bangladesh **(U/EW/TSDG/6)**

Discussion Paper: Actions for Consideration by Joan Dudik-Gayoso, Senior Advisor, Science Technology and Development Policy Bureau for Oceans and Environmental and Scientific Affairs United States Department of State, Washington, United States, and Elly Tsai Research Assistant, Office of Science and Technology Cooperation, Bureau for Oceans and Environmental and Scientific Affairs, United States Department of State Washington, United States **(U/EW/TSDG/7)**

An Asian Perspective on the Linkages between Trade, Sustainable Development and Gender by Jayati Ghosh, Centre for Economic Studies and Planning, School of Social Sciences, Jawaharlal Nehru University, New Delhi, India **(U/EWTSDG/8)**

Trade and Sustainable Development in the Thai Fisheries Sector by Mingsarn Kaosa-ard, Associate Professor, Faculty of Economics, Chiang Mai University Chiang Mai, Thailand **(U/EW/TSDG/9)**

Interrelationship Between Trade, Sustainable Development and Gender by Janice Goodson Foerde, ICDA/KULU - Women and Development, Copenhagen, Denmark **(U/EW/TSDG/10)**

Policy Choice Under Competing Demands: The Case of Export-Oriented Shrimp Culture in Bangladesh by Mustafizur Rahman, Professor, Faculty of Business Studies, University of Dhaka, Dhaka, Bangladesh **(U/EW/TSDG/11)**

Trade, Sustainable Development and Gender in Nepal by Mahesh Kumar Agrawal, President, Nepal Chamber of Commerce, Kathmandu, Nepal **(U/EW/TSDG/12)**

Oportunidades que las zonas francas brindan a la pequeña y mediana industria y el impacto en la generación del empleo by Francesc J. Vendrell, Senior Adviser on Small and Medium-Sized Enterprises, UNCTAD Secretariat, Geneva Switzerland **(U/EW/TSDG/13)**

Access to Financial Services for Women Entrepreneurs by Masoumeh Sahami-Malmberg, Chief, SME Support Services Unit, Division for Services Infrastructure for Development and Trade Efficiency (SITE) UNCTAD Secretariat, Geneva, Switzerland **(U/EW/TSDG/14)**

Comercio internacional, desarrollo sostenible y genero: perspectiva del sector privado en una economia emergente by Claudio Ortiz, Manager, Santiago Chamber of Commerce, Chile **(U/EW/TSDG/15)**

Contribution by UNCTAD to the World Survey on the Role of Women in Development, draft Chapter III: Major World Trends, Globalization of Trade and Finance by Susan Joekes, Institute of Development Studies, University of Sussex, UK in consultation with UNCTAD's internal Task Force on Gender **(U/EW/TSDG/16)**

Trade, Gender and the Environment, Contradictions in the Open Economy Model by Alejandro Nadal, Center for Economic Studies and Science and Technology Program, El Colegio de México, México D.F., México **(U/EW/TSDG/17)**

Environmental Impacts and Mitigation Costs associated with Cloth and leather Exports in Pakistan by Haider Ghani Mian, IUCN/The World Conservation Union, Islamabad, Pakistan **(U/EW/TSDG/18)**

Trade, Sustainable Development and Gender: The Case of Tanzania by Godius W. Kahyarara, Centre for Environmental Economics and Development Research (CEDR) Dar es Salaam, United Republic of Tanzania **(U/EW/TSDG/19)**

Globalization, International Investment and Gender by Padma Mallampally, Senior Project Expert on Foreign Direct Investment, International Investment, Transnationals and Technology Flows Branch, Division on Investment, Technology and Enterprise Development, UNCTAD **(U/EW/TSDG/20)**

Women and Trade in Uganda by Sarah Kitakule, Senior Advisor, Policy & Regulatory Reform USAID-Presto Project/Focal Point Leader for Women in Trade CEEWA Project, Kampala, Uganda **(U/EW/TSDG/21)**

Commerce, genre et développement durable by Diblete Hélène Kone, Deputy Director, Economic Promotion and Private Investment, Abidjan, Côte d'Ivoire **(U/EW/TSDG/22)**

The specific problems of Least Developed Countries in a Globalizing World Economy from a Gender perspective by Magdalena Kaihuzi, Tanzania National Women's Council (BAWATA) Dar es Salaam, United Republic of Tanzania **(U/EW/TSDG/23)**

Problems encountered by Small to Medium-sized Enterprises and the Cross-border Informal Trade by Maria Tendai Dendere, Assistant Deputy Director, Gender Department, Office of the President and Cabinet, Harare, Zimbabwe **(U/EW/TSDG/24)**

Expérience du Caméroun sur le commerce, le développement durable et la sexospécificité by M. Pouedogo, Assistant Research Officer, Ministry of Industrial and Trade Development, Yaounde, Caméroun **(U/EW/TSDG/25)**

Promoting Economic Development and Trade through increased participation of Women: Experience of Lithuania by Raimonda Balniene, Associate Professor, Deputy Director, International Business School at Vilnius University, Vilnius, Lithuania **(U/EW/TSDG/26)**

Mainstreaming Gender Concerns in the Agriculture and Forestry Sector: Policy framework, present efforts and lessons learned by Beatriz P. Del Rosario, Officer-in-Charge, and Maruja V. Lorica, Supervising Science Research Specialist, Philippine Council for Agriculture, Forestry and Natural Resources Research and Development (PCARRD), Department of Science and Technology, Los Baños, Laguna, Philippines **(U/EW/TSDG/27)**

Bolivia: Pobreza y trabajo femenino en tiempos de globalizacion by Zulema Alanes Bravo, Director-General, Deputy Minister for Gender Issues, La Paz, Bolivia **(U/EW/TSDG/28)**

Trade Openness, Employment and Women: The Case of Uruguay by Maria Inés Terra, Faculty of Economic Sciences and Administration, Department of Economics, Universidad de la República, Montevideo, Uruguay **(U/EW/TSDG/29)**

Opportunities and Barriers, Challenges of Transformation in Poland during the Period of Transition: Gender perspective by Maria Anna Knothe, Founder and President of the Center for the Advancement of Women, Warsaw, Poland **(U/EW/TSDG/30)**

The Development of Women-owned SME's - The Constraints and Problems particular to Lesser Advanced Countries - The African Perspective by Leyla Khaiat, President FCEM, Tunis, Tunisia **(U/EW/TSDG/31)**

Innovation and Cooperative Projects - An Approach to Competitiveness by Salete Maria Brisighello, General Coordinator on Technological Areas, Secretariat of Industrial Technology, Ministry of Development, Industry and Commerce, Brasilia, Brazil **(U/EW/TSDG/32)**

Some Random Notes on Trade, Sustainable Development and Gender by Patricia Bifani-Richard, Consultant, Chile **(U/EW/TSDG/33)**

Diverse Materials: Engendering International Trade: Concepts, Policy and Action by Lourdes Beneria and Amy Lind, Cornell University, Cornell, United States. **Gender Implications of Globalization** by Marily Carr, Senior Economic Advisor, United Nations Development Fund of Women. **Eradicating Femenized Poverty by UNIFEM: Women and Trade** by UNIFEM **(U/EW/TSDG/34)**

Trade, Sustainable Development and Gender by Nigest Haile, Head, Women's Affairs Department, Ministry of Trade and Industry, Addis Ababa, Ethiopia **(U/EW/TSDG/35)**

Globalization and Gender by Ambassador Ruth D. Samonte-Limjuco, Special Assistant to the Under-secretary for International Economic Relations, Department of Foreign Affairs, Philippine Mission to the United Nations Office and International Organizations, Geneva, Switzerland **(U/EW/TSDG/36)**

Trade, Sustainable Development and Gender: A perspective of a Business Woman from a Least Developed Country by Mary Marealle, Tanzania National Women's Council (BAWATA) Dar es Salaam, United Republic of Tanzania **(U/EW/TSDG/37)**

Some Issues and Concerns that cut across Trade, Sustainable Development and Gender in the Philippines: Inputs into Workshop-Agreed Conclusions and Recommendations by Maruja de Villa Lorica, Ph.D., Department of Science and Technology, Philippine Council for Agriculture, Forestry and Natural Resources Research and Development (PCARRD), Los Baños, Laguna, Philippines **(U/EW/TSDG/38)**

Development of Africa: Implementation and Coordinated Follow-up by the United Nations of Initiatives on African Development by Coordinator **(U/EW/TSDG/39)**

Central - Southern African regional perspectives by Mrs. P.N.Y. Mlewa, Senior Economist, Department of Commerce and Trade, Ministry of Commerce, Trade and Industry, Lusaka, Zambia **(U/EW/TSDG/40)**

Mainstreaming Gender in Enterprise Development, informal presentation by Ms. Lorraine Ruffing, Chief, Enterprise Development Branch, Division on Investment, Technology and Enterprise Development, UNCTAD **(U/EW/TSDG/41)**

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Report of the Pre-UNCTAD X Workshop on Exchange of Experiences among Enterprises in the Area of Electronic Commerce

held at the Palais des Nations, Geneva,
17-18 June 1999

Executive summary

This report is being provided as part of the substantive preparations for UNCTAD X. It is intended to enable the Preparatory Committee of the Whole for UNCTAD X to recommend ways in which the Conference could address the issue of electronic commerce and the participation of developing countries therein. The experts observed that, while e-commerce is growing rapidly and promises considerable potential benefits for developing countries and their small and medium-sized enterprises, most of these countries lack the necessary facilities and other conditions for participation in e-commerce. They identified a set of actions required to increase that participation.

These include increased access to Internet and telecommunications, reduction of costs associated with access to Internet, greater liberalization of the services of Internet service providers and providers of domain names, capacity-building and the promotion of greater trust and security. They also emphasized the role of Governments not only in promoting services and systems supportive of e-commerce and international harmonization of regulations, but also in participating directly in e-commerce-related activities.

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Introduction

1. The Workshop was held on 17 and 18 June 1999, at the Palais des Nations, Geneva. Resulting from a proposal initially made by the delegation of Japan, it was held pursuant to the agreed conclusions adopted at the closing plenary on 14 December 1998 of the third session of UNCTAD's Commission on Enterprise, Business Facilitation and Development, and pursuant to the consultations held by the President of the Trade and Development Board on 30 April 1999, which authorized the secretariat to organize four pre-Conference events for UNCTAD X. This workshop was the first of those events. The conclusions of the workshop will be submitted to the Preparatory Committee for UNCTAD X.

I. SUMMARY OF SUBSTANTIVE DISCUSSIONS

2. Experts representing a wide range of specialities within the field of electronic commerce attended the Workshop[1]. They met to exchange their experiences and their visions of the future of electronic commerce, and to discuss how to move from ideas to real-world practical solutions. They focussed on the problems of small and medium-sized enterprises (SMEs), especially those in the developing countries. The objectives of the Workshop were: (i) to assess and forecast the participation of enterprises (especially SMEs, and in particular those of developing countries) in electronic commerce; (ii) to exchange experiences among users of e-commerce, especially in developing countries; and (iii) to identify obstacles and new opportunities for greater participation by developing country enterprises in e-commerce.

3. In keeping with these main objectives, the Workshop divided its discussions into panels[2] to deal with the following sub-items: (a) measurement and benchmarking; (b) success stories and obstacles experienced by enterprises using e-commerce; (c) the issue of domain names; (d) experiences in, and possibilities for, lowering costs of e-commerce for enterprises; and (e) e-commerce solutions for SMEs -- the supply side.

4. The presentations and discussions of experiences allowed the Workshop to consider the two main angles from which the topic of e-commerce and development still needs to be studied: diagnosis of the present situation, and possible action for the future.

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[1] See attendance list in Annex III.

[2] See programme of work in Annex I.

A. Diagnosis

1. Measures and definitions

5. Recent data show that e-commerce is growing rapidly, but still unevenly. The experts underlined that e-commerce is the current driving force behind investment in Internet-related activities. It is becoming so important that it is likely to influence trends in infrastructure and its relative cost. E-commerce will become a major component of international trade in the years to come ($300 billion in 2002, and as much as 25 per cent of total world trade by 2005). The majority of "e-enterprises" are in advanced countries, especially the United States. However, a large proportion of such enterprises are still chiefly involved in "business-to-consumer" (B-to-C) transactions, which may not represent the future of e-commerce, since business-to-business (B-to-B) is quickly becoming the dominant component of e-commerce.

6. A major share of revenues from e-commerce are indirect (e.g. from advertising). The growth of e-commerce challenges many well-established economic and industrial models, and new players are emerging (*infomediaries*), a fact which requires appropriate strategies from SMEs.

2. Experiences

7. One of the merits of the Workshop was to offer evidence that electronic commerce is not an activity reserved for advanced or "well-connected" countries and enterprises, as shown by the experts' descriptions of their national experiences, including those of least developed countries (LDCs) such as Nepal and Benin.

8. The advantage which some "latecomers" may find in joining the e-commerce revolution when their telecommunications infrastructure is still incomplete was stressed: new equipment and technology offer much better performance/cost ratios, as shown by the higher proportion of digital (as opposed to analog) lines found in many developing countries (e.g. Chile). In this context, however, the importance of a supportive regulatory environment was identified as critical to success.

9. Several experts described experiences of how increased awareness of the potential of e-commerce had convinced Governments (Sri Lanka, Peru) to give priority to improving connectivity to rural areas. Innovative and successful experiences to lower the cost of Internet access were recounted.

10. Numerous experiences were identified in which efforts to promote local contents (products, languages) had been successfully implemented.

11. The experience of advanced countries having established e-commerce national task forces (France) and those proposing a "societal approach" to e-commerce (Japan) attracted much attention from developing country experts.

3. New definitions

12. E-commerce challenges some of the traditional definitions of such concepts as market, consumer, and producer: as its practice starts to spread, consumers become producers and vice-versa, and markets are being reshaped by information networks.

13. E-commerce is not just a mode of delivery reserved for a small range of sophisticated/superior products; through the optimization of production and delivery chains, its techniques are increasingly being used for undifferentiated goods and services, as demonstrated by certain developed countries (e.g. France). In the area of services, e-commerce can become a source of international competitiveness for developing countries, not just for traditional services (such as tourism and transportation) but also for more advanced and value-intensive services, such as publishing, design and translation.

14. The issue of e-commerce transactions (especially payments) being characterized by risk and insecurity has tended to be overemphasized from the buyers' point of view and under emphasized from that of vendors (particularly SMEs).

15. The international expansion of e-commerce need not be a game reserved for a limited number of "big players": through appropriate strategies and alliances, SMEs from all countries (including LDCs) can participate in it. The number and relevance of success stories are rapidly increasing, as described during many of the Workshop presentations.

16. The Internet is rapidly moving from the hands of technicians to those of entrepreneurs. Social usage will largely determine its value, in particular vis-à-vis trade and development. This evolution of the nature of the Internet is nowhere better reflected than in e-commerce: as many B-to-C enterprises (Amazon.com, for instance) are still awaiting their first profits, an increasing number of B-to-B companies (e.g. Cisco) are accelerating their shift to Internet-based transactions.

17. For enterprises in developing countries, this represents fresh opportunities to participate in global markets (e.g. in the context of global tendering for public procurement) and new dangers of marginalization, especially for those operating in underconnected areas, or those for which connection costs (to public telecommunications networks and to the Internet) are still excessively high.

B. Prognosis

18. Several areas for priority action were identified by the Workshop, along with the corresponding practical approaches.

1. Enabling access and lowering costs

19. Numerous experts stressed that critical mass was a key concept: the experience of countries like Ghana shows that when usage increases, prices fall. In this respect, national policies to promote e-commerce can initiate a "virtuous circle" and attract investors to the information infrastructure.

20. In many cases, practical solutions and tools exist which can partially meet developing countries' needs in the area of e-commerce; rather than "reinventing the wheel", less advanced countries and their enterprises should be able to benefit from up-to-date information on the "supply side", i.e. products proposed by various suppliers (such as software, including free software).

21. Various obstacles and problems regarding the participation of enterprises in e-commerce need to be addressed at the local level (tariffs, taxes, competition), while others require an international approach (cost of leased lines, users being charged for full-circuit). The exchange of practical experiences should be considered as one way of enhancing developing countries' efficiency in both contexts. Knowing more about other countries' experiences allows enterprises and Governments to identify low-cost solutions. The examples discussed at the Workshop (Peru's multicabins, PEOPLink's experience with low-cost equipment, the proposal by the Ecole Polytechnique Fédérale de Lausanne for "Terminodes") showed the merits of repeating this Workshop, including at the regional level. Similarly, greater shared knowledge should enhance developing countries' ability to participate actively in international debates on e-commerce (including in the World Trade Organization (WTO), World Intellectual Property Organization (WIPO), International Telecommunication Union and such other forums as the Internet Corporation for Assigned Names and Numbers (ICANN)).

2. Building local capacities, know-how and content

22. Experts identified the following priorities for stimulating local capacity-building regarding e-commerce and its use by enterprises in developing countries:

(a) Linking information flows (Internet-based in particular) to the supply chain (trade logistics) is essential in all countries still relying heavily on commodity and manufactured exports; in so doing, they will also ensure better synergies between their e-commerce strategies and their trade efficiency/trade facilitation efforts.

(b) The production of local content (languages) is essential, and the successful examples of this activity need to be documented and disseminated.

(c) The merits of e-commerce national policies, through which attempts are made to mobilize society as a whole, are now well established. Efforts should be pursued in this direction to create an e-commerce culture involving both Governments and business.

3. Building trust

23. The successes of some countries (such as Venezuela) in promoting instruments for secure e-commerce (certification and electronic documents such as digital invoices and signatures) were presented and generated interest in further exchanges of experiences, including on a regional basis. Such experiences had enhanced mutual respect between business and government.

24. Developing countries and their enterprises can contribute more actively to the process of adopting and promoting appropriate norms and standards for e-commerce, such as an XML version of electronic data interchange for administration, commerce and transport (EDIFACT).

25. The specific difficulties of SMEs from developing countries in "branding" were discussed and related to the presentations made by experts from WIPO, ICANN and the Société Internationale de Télécommunications Aéronautiques (SITA) on trade marks and Internet domain names. Experts advocated greater involvement by developing countries in discussions on the subject.

II. GENERAL OBSERVATIONS AND CONCLUSIONS

26. Experts concurred that the Workshop's objectives had been fully met, in that the debate on e-commerce and enterprises in developing countries had been successfully moved from the level of anecdotes to that of experiences. Unlike anecdotes, which can lend themselves to extrapolation, experiences provide both enough variety and enough comparability to allow a careful observer to draw lessons from measurable realities. Ultimately, such lessons can lead to the formulation of strategic objectives and to the implementation of appropriate action. Distinguishing dream from reality, and identifying those elements of today's realities which can apply to the development strategies of developing countries and their enterprises, were another successful objective.

27. Successful e-commerce strategies need to take full account of the multifaceted and multisectoral nature of e-commerce. Strategies focussing exclusively on one aspect of e-commerce (such as security, payments, multilateral trade negotiations or intellectual property aspects) will run the risk of losing sight of the ultimate goal of an e-commerce policy, which should be to improve the efficiency and competitiveness of the economy and enhance the standard of living and well-being of society as a whole.

28. In many respects, e-commerce has the potential to usher in a true knowledge-based economy to developing countries. In the process, access to information and knowledge can be enhanced and globalization can take on a more positive meaning in many parts of the world. The societal dimension of e-commerce can be reflected in the use of the concept of "e-velopment".

29. In an area in which technological change and innovation are continuously transforming the landscape, the exchange of experiences remains a valuable shortcut for smaller players. Experts expressed the wish that their deliberations and conclusions would be reflected at UNCTAD X and in its conclusions. They intended to pursue their collaboration, including through the regional workshops to be organized by UNCTAD in the coming months on e-commerce and development.

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Annex I

PROGRAMME OF WORK

Thursday, 17 June 1999

10.00 a.m. - Welcome Address - Jean Gurunlian, Director, UNCTAD Division of Services Infrastructure for Development and Trade Efficiency

10.30 a.m. - "Enterprises, E-commerce and Development"
Bruno Lanvin, Head, Electronic Commerce Section, UNCTAD/SITE

11.15 a.m. - Coffee break

11:30 a.m. - Panel 1: Which enterprises use e-commerce? Measurement and benchmarking issues

* Ben Petrazzini,	Strategic Planning Unit, International Telecommunication Union
* Bernard Stoven,	President, SIMPROFRANCE, France
* Prof. Jean-Pierre Hubaux,	EPFL and ICA, Switzerland

12.30 p.m. - General discussion

1.00 p.m. - Meeting adjourns for lunch

3:00 p.m. - Panel 2 : Enterprises using e-commerce: success stories and obstacles (Part 1)

* Prof. Nagaaki Ohyama,	Tokyo Institute of Technology, Chair of the Government's Study Groupon Electronic Commerce, Japan
* Javier Baquero,	President, Corporación Tecnicofinanciera, Ecuador
* Dr. Lalith Gamage,	Executive Director, TradeNet SL, Sri Lanka

4.00 p.m. - General discussion

4.30 p.m. - Coffee break

4.45 p.m. - Panel 3 : Power structures in cyberspace - The issue of domain names

* Chris Gibson,	Head, Electronic Commerce, WIPO
* Izumi Aizu,	Principal, Asia Network Research, Malaysia
* Rosa Delgado,	International Division, SITA, Switzerland

5.30 p.m. - General discussion

6.00 p.m. - Meeting adjourns

Friday, 18 June 1999

10.00 a.m. - Panel 4 : Enterprises using e-commerce: success stories and obstacles (Part 2)

* Philippe Monnier, Directeur-Général, Eureka, Switzerland
* Abdul-Wahab Bakary, Managing Director, COBUCO International, Benin
* James Kainyiah, Managing Director, Jam Kay Enterprise, Ghana
* Ted Johnson, Technical Coordinator, PEOPLink, United States

10.45 a.m. - General discussion

11.15 a.m. - Coffee break

11:30 a.m. - Panel 5 : Lowering the cost of e-commerce for enterprises: experiences and possibilities

* José Soriano, General Coordinator, Red Científica Peruana, Peru
* Nii Quaynor, CEO, Network Computer Systems, Ghana
* Shashank Kansal, Sr. Vice-President, WorldLink Communications, Nepal

12.15 p.m. - General discussion

1.00 p.m. - Meeting adjourns for lunch

3:00 p.m. - Panel 6 : The supply side/ e-commerce solutions for SMEs

* Judith Payne, Senior Principal, American Management Systems, United States
* José Ali Vivas, Director, Cavecom-e, Venezuela
* Sherif Hashem, Manager, Egypt Information Highway Project, Egypt

3.45 p.m. - General discussion

4.30 p.m. - Summary of the Workshop discussions and preliminary conclusions to be brought to the attention of the UNCTAD X Preparatory Committee

5.00 p.m. - Closing remarks by Mr. Rubens Ricupero, Secretary-General of UNCTAD

5.30 p.m. - Meeting adjourns

Annex II

STATEMENTS AND PRESENTATIONS[3]

A. Statements

The Director of the Division of Services Infrastructure for Development and Trade Efficiency said in his introductory remarks that electronic commerce used to be a dream for some and a nightmare for others, but today, it is neither: in less than a few years, e-commerce had moved from the world of hype and fantasy to that of an almost tangible reality. It was no longer a question of debating whether e-commerce would exist or not; it was here already and would grow even faster in the years to come.

However, it was worth asking who would benefit from e-commerce and whether it would be an instrument for equity and efficiency or would only strengthen existing differences among the rich and the poor. Those questions were not of a theoretical nature. To address them in an action-oriented fashion, it was necessary to look as closely and objectively as possible at who was actually trading electronically today and who would be able to do so in coming years.

The tradition of working with civil society, and in particular with the enterprise sector, was now well established in UNCTAD. The presence at the Workshop of a significant number of representatives of the business community was further evidence that enterprises and international organizations such as UNCTAD could find it mutually beneficial to exchange views and experiences and, during the preparatory process for UNCTAD X, that was a reassuring sign.

In his closing remarks, the **Secretary-General of UNCTAD** stressed the importance attached by UNCTAD to the topic of electronic commerce, especially in the context of preparations for UNCTAD X. Its techniques were affecting a large array of activities and sectors, not only in services but also in manufactures and even in commodity markets. In many of those activities, e-commerce was not only a better and more efficient way of doing business, but also a radically different way of producing value, reaching customers and markets, and establishing relations and synergies across borders. Most of those changes, however, were taking place at a much faster pace than that at which Governments could establish rules and regulations and guarantee mechanisms. Some maintained that they should not attempt to do so, while others insisted on the irreplaceable nature of the role played by the public sector.

In all parts of the world, enterprises and Governments were joining forces to better identify the potential and specificities of electronic commerce and how it could affect their economies. Discussions had started on the possibility of including electronic commerce in a new round of multilateral trade negotiations.

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[3] These presentations can be found on the UNCTAD website at www.unctad.org/en/special, or by contacting Mr. Bruno Lanvin, Head, Electronic Commerce Section in SITE Division of UNCTAD, E-mail: bruno.lanvin@unctad.org

At the present stage, it was still too early to say how far and how fast the WTO would be able to advance in bringing electronic commerce into the realm of trade disciplines. However, it was clear that the more developing countries knew about electronic commerce, the easier it would be to move to a balanced and mutually beneficial outcome in that area. The question was : how do we define knowledge in a domain where technology is changing almost daily, and where many well-established economic, industrial and regulatory models are being challenged ? The answer was that, in e-commerce, knowledge came from practice, not from textbooks; hence, UNCTAD's efforts to involve the practitioners of electronic commerce in its work and reflection as much as possible. The presence at the Workshop of many practitioners of e-commerce, both from government and from the enterprise sector, was a concrete illustration of that approach.

The presence also of many experts from the capitals was an important signal. It confirmed not only that there was indeed a high level of interest in member countries in the topic of electronic commerce, but also that the work produced by UNCTAD in that area since the United Nations trade efficiency symposium of October 1994 had acquired solid international status.

In preparation both for UNCTAD X and for the new millennium, the topic of electronic commerce had taken on a very symbolic dimension. First, it was an area in which technology had delivered: even if access was still uneven, telematics was available, as were the Internet and most of the basic tools to facilitate global electronic commerce; the success of the information revolution, however, still remained to be built, and it would not be built on technological successes, but on human achievements. Second, the rapid expansion of electronic commerce was the economic translation of the emergence of a knowledge society, one in which growth, development, employment and improved living conditions relied more and more on information, education and human resources.

The phenomenon of electronic commerce was emerging as a distillation of all the potential dangers and benefits of globalization. It was still too early to say whether it would broaden or narrow the gap between the haves and have-nots of information. However, it was clear that the ability of enterprises (and especially SMEs) from developing countries to use electronic commerce would be a key ingredient in a truly global knowledge society.

B. Presentations

- Bruno Lanvin,	"Sharing experience among unequal partners"
- Ben Petrazzini,	"Profile of e-commerce activities in emerging economies"
- Javier Baquero,	"Electronic commerce"
- Dr. Lalith Gamage,	"Cyber Trader: The E-Business Centre@EDB"
- Chris Gibson,	"Domain names and business enterprises"
- Izumi Aizu,	"Internet governance: is it really feasible to make this global entity work?"
- Rosa Delgado,	"Estructuras de poder en Internet y en el comercio electrónico: El sistema de dominios (DNS)"
- Ted Johnson,	"PEOPLink: Successes and obstacles of a non-profit organization marketing handmade crafts on behalf of grassroots artisans"
- Nii Quaynor,	"Development of the Internet in Ghana"
- Shashank Kansal,	"Lowering the cost of e-commerce: realities and opportunities"
- Judith Payne,	"What is available today to help SMEs in developing countries succeed with e-commerce"
- Abdul-WahabBakary,	"Experiences of Co.Bu.Co International in the field of electronic commerce"
- James Kainyiah,	"Enterprises using e-commerce: success stories and obstacles"

Annex III

ATTENDANCE

1. Thirty-seven experts from the following States members of UNCTAD attended the Workshop:

Bangladesh
Benin
Brazil
China
Côte d'Ivoire
Cuba
Czech Republic
Ecuador
Egypt
France
Indonesia
Japan
Libyan Arab Jamahiriya
Peru
Philippines
Russian Federation
Saudi Arabia
Sri Lanka
Switzerland
Tunisia
Turkey
United Kingdom
United States of America
Venezuela
Viet Nam

2. Eleven representatives of agencies and organizations of the United Nations system and of intergovernmental organizations were present at the Workshop sessions.

3. Twenty-three other experts participated.

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